

**SEC. 662. LIMITATIONS ON LEASE OF NON-EXCESS DEPARTMENT OF DEFENSE PROPERTY FOR PROTECTION OF MORALE, WELFARE, AND RECREATION ACTIVITIES AND REVENUE.**

(a) **ADDITIONAL CONDITION ON USE OF LEASE AUTHORITY.**—Subsection (b) section 2667 of title 10, United States Code, is amended—

(1) in paragraph (4), by striking “and” at the end;

(2) in paragraph (5), by striking the period and inserting “; and”; and

(3) by adding at the end the following new paragraph:

“(6) except as otherwise provided in subsection (d), shall require the lessee to provide the covered entities specified in paragraph (1) of that subsection the right to establish and operate a community support facility or provide community support services, or seek equitable compensation for morale, welfare, and recreation programs of the Department of Defense in lieu of the operation of such a facility or the provision of such services, if the Secretary determines that the lessee will provide merchandise or services in direct competition with covered entities through the lease.”

(b) **APPLICATION OF CONDITION; WAIVER.**—Such section is further amended—

(1) by redesignating subsections (d) through (i) as subsections (e) through (j), respectively; and

(2) by inserting after subsection (c) the following new subsection (d):

“(d) **COMMUNITY SUPPORT FACILITIES AND COMMUNITY SUPPORT SERVICES UNDER LEASE; WAIVER.**—(1) In this subsection and subsection (b)(6), the term ‘covered entity’ means each of the following:

“(A) The Army and Air Force Exchange Service.

“(B) The Navy Exchange Service Command.

“(C) The Marine Corps exchanges.

“(D) The Defense Commissary Agency.

“(E) The revenue-generating nonappropriated fund activities of the Department of Defense conducted for the morale, welfare, and recreation of members of the armed forces.

“(2) The Secretary of a military department may waive the requirement in subsection (b)(6) with respect to a lease if—

“(A) the lease is entered into under subsection (g); or

“(B) the Secretary determines that the waiver is in the best interests of the Government.

“(3) The Secretary of the military department concerned shall provide to the congressional defense committees written notice of each waiver under paragraph (2), including the reasons for the waiver. Notification.

“(4) The covered entities shall exercise the right provided in subsection (b)(6) with respect to a lease, if at all, not later than 90 days after receiving notice from the Secretary of the military department concerned regarding the opportunity to exercise such right with respect to the lease. The Secretary may, at the discretion of the Secretary, extend the period under this paragraph for the exercise of the right with respect to a lease for such additional period as the Secretary considers appropriate. Deadline.

“(5) The Secretary of Defense shall prescribe in regulations uniform procedures and criteria for the evaluation of proposals Regulations.

for enhanced use leases involving the operation of community support facilities or the provision of community support services by either a lessee under this section or a covered entity.

Notification.

“(6) The Secretary of the military department concerned shall provide written notification to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives regarding all leases under this section that include the operation of a community support facility or the provision of community support services, regardless of whether the facility will be operated by a covered entity or the lessee or the services will be provided by a covered entity or the lessee.”.

(c) DEFINITIONS.—Subsection (i) of such section, as redesignated by subsection (b)(1) of this section, is amended to read as follows:

“(i) DEFINITIONS.—In this section:

“(1) The term ‘community support facility’ includes an ancillary supporting facility (as that term is defined in section 2871(1) of this title).

“(2) The term ‘community support services’ includes revenue-generating food, recreational, lodging support services, and resale operations and other retail facilities and services intended to support a community.

“(3) The term ‘military installation’ has the meaning given such term in section 2687(e)(1) of this title.”.

(d) STYLISTIC, TECHNICAL, AND CONFORMING AMENDMENTS.—Such section is further amended—

(1) in subsection (a), by inserting “LEASE AUTHORITY.—” after “(a)”;

(2) in subsection (b), by inserting “CONDITIONS ON LEASES.—” after “(b)”;

(3) in subsection (c), by inserting “TYPES OF IN-KIND CONSIDERATION.—” after “(c)”;

(4) in subsection (e), as redesignated by subsection (b)(1) of this section—

(A) by inserting “DEPOSIT AND USE OF PROCEEDS.—” after “(e)”;

(B) in paragraph (5), by striking “subsection (f)” and inserting “subsection (g)”;

(5) in subsection (f), as redesignated by subsection (b)(1) of this section, by inserting “TREATMENT OF LESSEE INTEREST IN PROPERTY.—” after “(f)”;

(6) in subsection (g), as redesignated by subsection (b)(1) of this section—

(A) by inserting “SPECIAL RULES FOR BASE CLOSURE AND REALIGNMENT PROPERTY.—” after “(g)”;

(B) in paragraph (1), by striking “subsection (a)(3)” and inserting “subsection (a)(2)”;

(7) in subsection (h), as redesignated by subsection (b)(1) of this section, by inserting “COMPETITIVE PROCEDURES FOR SELECTION OF CERTAIN LESSEES; EXCEPTION.—” after “(h)”;

(8) in subsection (j), as redesignated by subsection (b)(1) of this section, by inserting “EXCLUSION OF CERTAIN LANDS.—” after “(j)”.